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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

175-969
805-87-V

March 1987

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87-L-100
GEN-87-15

Reorganization of the Office of Student Financial Assistance's Regional Offices

BACKGROUND

The Department of Education has always been concerned with the most efficient and cost-effective management of its student assistance programs. These concerns have intensified in recent years as we have experienced a decline in both personnel and financial resources.

Consequently, the Office of Student Financial Assistance (OSFA) has modified its regional office structure and reallocated both regional and headquarters resources. The reallocation of resources was done in the context of the overall responsibilities of OSFA and the priorities established to deliver the programs. Our five major programs provide more than $14 billion annually to more than five million students throughout the nation.

We believe the organizational changes we have made in both the regions and headquarters will:

- provide a more effective and responsive structure;
- improve communication links between Washington, the regional offices, and the community;
- reduce OSFA's overhead costs; and
- enable OSFA to focus on current operational, legislatively-mandated, and management-directed priorities.

The regional offices are an essential part of the Department's administration of the student assistance programs, and they will continue to be the first line of contact with the financial aid community. However, our highest priorities continue to be those that directly affect the delivery of the programs, e.g., issuing implementing regulations and policy guidance; awarding, paying, and accounting for funds; providing operational assistance to recipients and our various constituent groups; and administering the major contracts which support program delivery. These functions are best performed at headquarters, i.e., Washington. It would be less effective, more time-consuming, and more costly to perform these functions in each of the ten regional offices.

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Our regional offices have consistently performed the functions of training, technical assistance, and program reviews of participating postsecondary institutions, lenders, and guarantee agencies. These functions are very important in order to assure proper program administration, proper use of the taxpayers' dollars, and program integrity. The regional offices will continue to be involved in these functions.

As our overall personnel resources have diminished, we have found ourselves needing proportionately more of our total staff in Washington to manage the basic delivery mechanisms discussed above. The underlying principle in developing the new regional office structure and related headquarters changes has been to utilize our resources, including personnel, in the most effective and efficient manner in terms of overall program delivery while minimizing the impact on individual employees. In implementing this reorganization, we have been able to offer every affected employee a position somewhere, either in headquarters or in other regional offices.

NEW REGIONAL STRUCTURE

The major elements in the regional organization are as follows:

GSL Function

The Guaranteed Student Loan (GSL) Program regulations published November 10, 1986, place the primary responsibility for lender review upon the guarantee agencies. These regulations also require the agencies to perform reviews of schools to determine compliance with Federal, State, and guarantee agency requirements relating to the GSL program. Henceforth, our regional office staff will perform fewer lender reviews; they will concentrate on overseeing and monitoring the lender and school reviews performed by guarantee agencies, reviewing the agencies, and monitoring the largest-volume schools and lenders.

We have, therefore, located the Lender Review Branches in those regions with the greatest concentration of large lenders, guarantee agencies, and schools. Four regions--Region III (Philadelphia), Region VII (Kansas City), Region VIII (Denver), and Region X (Seattle)--will no longer have GSL staff; this function will be carried out by the other regions. Lenders and guarantee agencies in those regions will receive a letter providing more specific information as to the address and telephone numbers to call on GSL issues.

Institutional Review Function

All ten regions will continue to have an Institutional Review Branch which will continue to conduct program reviews and provide technical assistance to schools on ALL of the student assistance programs, including GSL.

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Training Function

The training function is being concentrated in headquarters, to be complemented by contractor-developed training and greater participation by financial aid administrators and guarantee agencies in the delivery of training. We will retain one training officer in each regional office to deliver headquarters-developed training and to provide information and assistance to the community in coordinating the training function in that region.

Finally, in order to improve communications and coordination of the student assistance programs between headquarters and the regional offices, we have established a Division of Field Operations headquartered in Washington. All regional staff have been assigned to this Division. An organizational chart of the new regional structure is enclosed. This structure is effective as of March 15, 1987.

We are confident that this reorganization will improve the relationships between the regional offices, headquarters, and the financial aid community and the delivery of our student assistance programs. With your assistance and cooperation, the recipients of our joint efforts will be the real beneficiaries.

Sincerely,

Dewey L. Newman
Deputy Assistant Secretary
for Student Financial Assistance

Daniel R. Lau
Director, Student Financial
Assistance Programs

Enclosures

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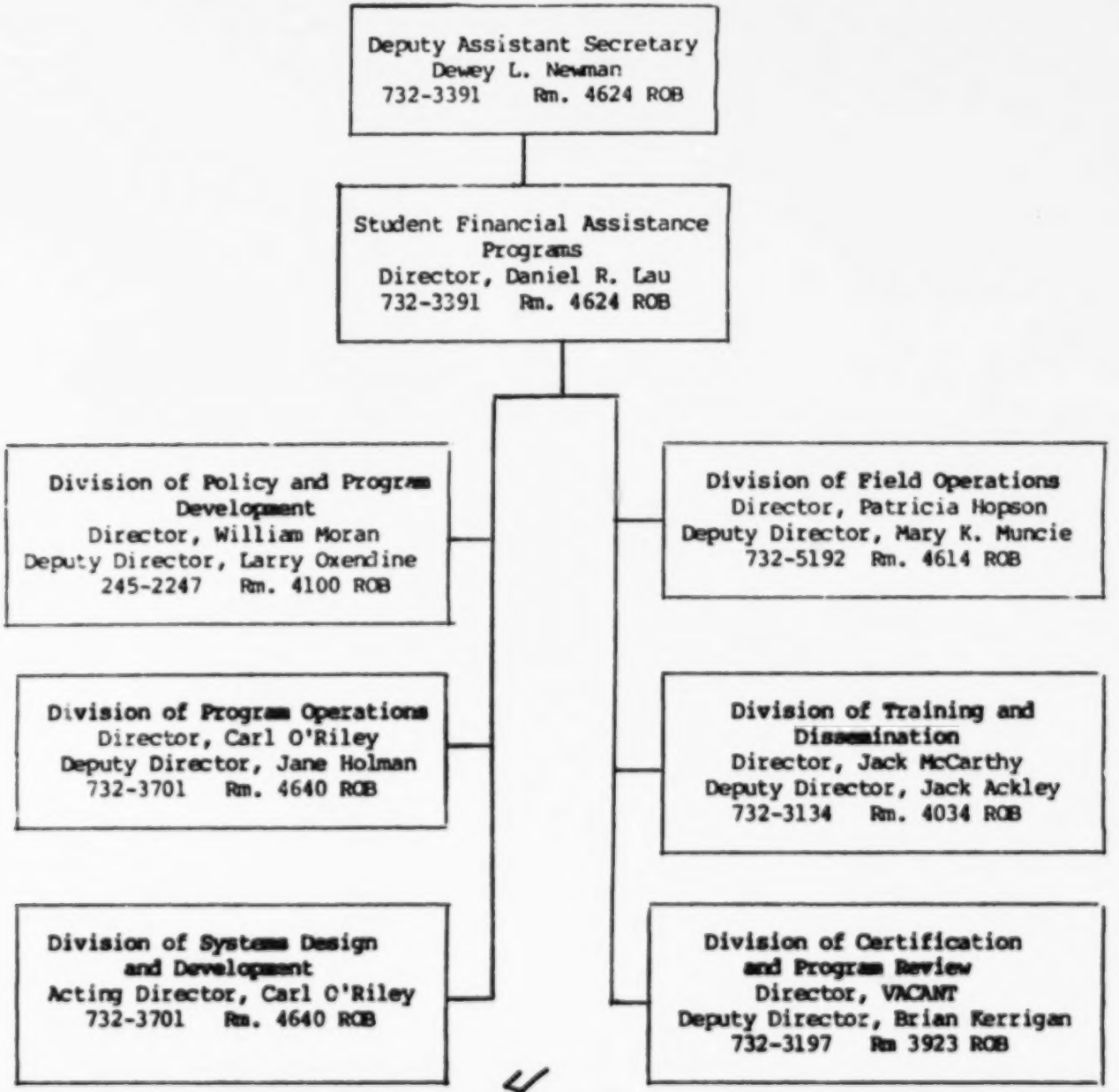
OFFICE OF STUDENT FINANCIAL ASSISTANCE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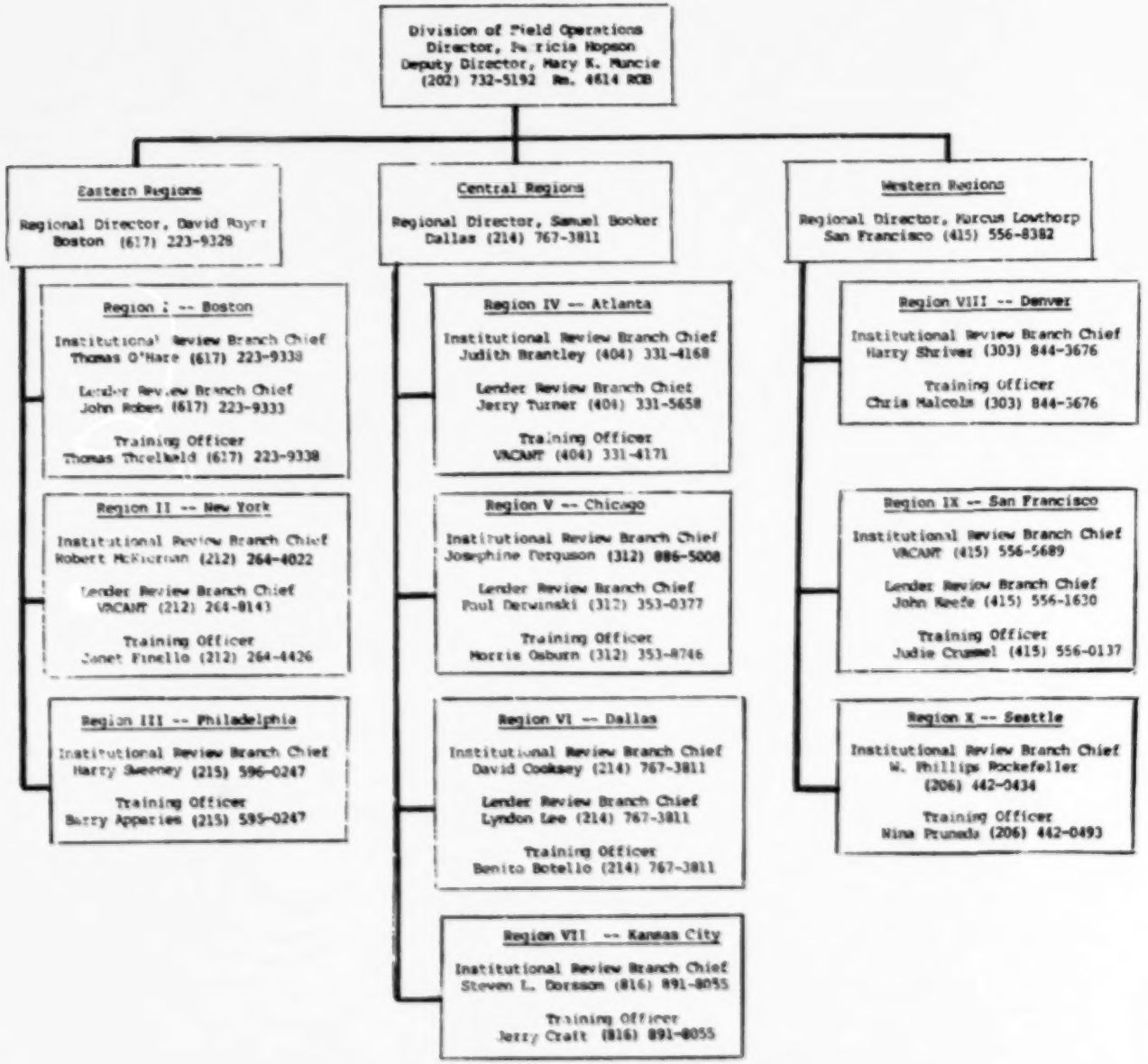
area code 202 for all Washington telephone numbers



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